

State of Alaska FY2008 Governor's Operating Budget

Department of Revenue Child Support Services Division RDU/Component Budget Summary

RDU/Component: Child Support Services Division*(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)***Contribution to Department's Mission**

The mission of the Child Support Services Division is to collect and distribute child support.

Core Services

- Establish paternity and child support
- Review and adjust cases
- Enforce cash and medical support

End Results	Strategies to Achieve Results
<p>A: Collection and disbursement of child support due to the children served by CSSD.</p> <p><u>Target #1:</u> Increase collections by 3%, net Permanent Fund Dividend collections.</p> <p><u>Measure #1:</u> Percent of change in total collections, net PFD collections.</p> <p><u>Target #2:</u> Increase disbursements of child support payments by 1.8%.</p> <p><u>Measure #2:</u> Percent of change in total disbursements.</p>	<p>A1: Improve the environment necessary for increased collections.</p> <p><u>Target #1:</u> Increase paternitys established to 100%.</p> <p><u>Measure #1:</u> Percentage of paternitys established.</p> <p><u>Target #2:</u> Increase cases with orders to 93.5%.</p> <p><u>Measure #2:</u> Percentage of cases with orders.</p> <p><u>Target #3:</u> Increase current collections to 55%.</p> <p><u>Measure #3:</u> Percentage of current collections.</p> <p><u>Target #4:</u> Increase number of cases with arrearage collections to 71%.</p> <p><u>Measure #4:</u> Percentage of cases with arrearages with collections.</p> <p><u>Target #5:</u> Increase the cost effectiveness ratio to 4.55.</p> <p><u>Measure #5:</u> Cost effectiveness ratio.</p> <p><u>Target #6:</u> Reduce cases with no collections for one year or more to 12% or less of cases eligible for collections.</p> <p><u>Measure #6:</u> Percentage of cases with no collections for one year or more versus total cases eligible for collection.</p> <p>A2: Improve the efficiency of distributing child support.</p> <p><u>Target #1:</u> Increase recipients on automated distribution to 60%.</p> <p><u>Measure #1:</u> Percentage of recipients receiving automated distribution.</p> <p><u>Target #2:</u> Decrease money on hold, less those categories that are out of the division's control to less than 0.4% (four-tenths of a percent).</p> <p><u>Measure #2:</u> Percentage of money on hold, less those</p>

	<p>categories that the division cannot or should not affect.</p> <p>A3: Improve customer service.</p> <p><u>Target #1:</u> Wait times for telephone calls are reduced to an average of 3 minutes.</p> <p><u>Measure #1:</u> Average telephone call wait times.</p>
--	---

Major Activities to Advance Strategies

- Improve communications and processes with clients and other state and federal agencies.
- Train a special collections unit.
- Prosecute criminal non-support when appropriate.
- Review and adjust cases, establish paternity, locate employers and assets of non-custodial parents, and create and modify support orders.
- Increase electronic payments and disbursements of child support through outreach to our clients by making clients aware of the options available.
- Institute full collection of arrearages for the passport denial/release program.
- Notify clients of the change in the amount of arrearages on the passport denial program from a \$5000 to \$2500 threshold.
- Expand the state-owned arrearage abatement program.
- Provide presentations and outreach to businesses, non-profits and faith-based organizations, ethnic populations, schools, and mass media.
- Work on improving customer service by providing more personal contact; respond timely with written responses to our clients' questions and concerns.
- Provide employers' with the option of reporting employment information on-line.
- Provide our clients with the ability to look up their statement on-line.

FY2008 Resources Allocated to Achieve Results

FY2008 Component Budget: \$24,415,400

Personnel:

Full time	232
Part time	0
Total	232

Performance Measure Detail

A: Result - Collection and disbursement of child support due to the children served by CSSD.

Target #1: Increase collections by 3%, net Permanent Fund Dividend collections.

Measure #1: Percent of change in total collections, net PFD collections.

Percent Change in Total Collections for a Fiscal Year

Fiscal Year	% Change
FY 2002	7.4%
FY 2003	6.2%
FY 2004	4.2%
FY 2005	1.92%
FY 2006	3.72%

Analysis of results and challenges: The division increased non-PFD collections from FY2005 to FY2006 in the amount of \$3,348,800 or 3.72%. Increasing total collections allows the division to increase distributions to custodial parents. This improves the financial support that benefits children's lives. The increase in FY2002

relates to the implementation of the mandatory multi-state federal financial institution data match program. During FY2003, the state financial institute data match program was initiated which accounted for the increase in that year. The division continues to expect a steady but gradual increase in non-PFD collections as projected increases will have to come from much smaller operational changes as no significant federal or state major enhancements are planned at this time.

Target #2: Increase disbursements of child support payments by 1.8%.

Measure #2: Percent of change in total disbursements.

Disbursements of Child Support Payments

Fiscal Year	% of Change
FY 2005	1.77%
FY 2006	1.45%

Analysis of results and challenges: This measure works in conjunction with the "money on hold" measure (see CSSD component strategy A2, measure #2), which measures the disbursement of actual child support payments that provide financial support to the children.

A1: Strategy - Improve the environment necessary for increased collections.

Target #1: Increase paternities established to 100%.

Measure #1: Percentage of paternities established.

Percentage of Paternities Established

Fiscal Year	Percentage
FFY 2002	89.6%
FFY 2003	89.3%
FFY 2004	87%
FFY 2005	105%

FFY 2006 data will be available in mid to late November, 2006.

Analysis of results and challenges: Improving the number of paternities that the division establishes allows cases to be available for establishing an order and, in turn, allows money to start flowing to the family. The federal government measures this by taking the number of children with paternity established or acknowledged in the current fiscal year divided by the number of children born out of wedlock for the prior fiscal year, which can result in more than 100% of paternities established.

Target #2: Increase cases with orders to 93.5%.

Measure #2: Percentage of cases with orders.

Percentage of Cases with Orders

Fiscal Year	Percentage
FY 2002	83%
FY 2003	81%
FY 2004	84.7%
FY 2005	92.3%
FY 2006	93.2%

Analysis of results and challenges: Collections cannot be made without a proper order in place. Establishing this quickly and effectively is one of the keys to a successful child support program. Reviewing and streamlining the division's process in establishing cases will aid in the timeliness of collecting and distributing child support.

Target #3: Increase current collections to 55%.

Measure #3: Percentage of current collections.

Percentage of Current Collections

Fiscal Year	Percentage
FFY 2002	54%
FFY 2003	53.2%
FFY 2004	54.2%
FFY 2005	52%

FFY 2006 data will be available in mid to late November, 2006.

Analysis of results and challenges: Also a main component to any child support program, collecting current money due is crucial to the financial well-being of the children it is intended to benefit. Increased information systems for new hires with the federal government and Alaska employers will enhance our ability to streamline the withholding process, improving the overall ability to collect current support quickly.

Target #4: Increase number of cases with arrearage collections to 71%.

Measure #4: Percentage of cases with arrearages with collections.

Percentage of Cases with Arrearage Collections

Fiscal Year	Percentage
FFY 2002	68.4%
FFY 2003	66.5%
FFY 2004	65.4%
FFY 2005	67.9%

FFY 2006 data will be available in mid to late November, 2006.

Analysis of results and challenges: A higher concentration on cases with special collection needs will increase overall collections.

Target #5: Increase the cost effectiveness ratio to 4.55.

Measure #5: Cost effectiveness ratio.

Cost Effectiveness Ratio

Fiscal Year	Ratio
FFY 2002	4.49
FFY 2003	4.24
FFY 2004	4.42
FFY 2005	4.52

FFY 2006 data will be available in mid to late November, 2006.

Analysis of results and challenges: Two components, expenses and collections, figure into this target. Overall, showing the highest possible amount of collections for the least amount spent is highly sought. With improved automation and new ideas to streamline, we hope to meet this target.

Target #6: Reduce cases with no collections for one year or more to 12% or less of cases eligible for collections.

Measure #6: Percentage of cases with no collections for one year or more versus total cases eligible for collection.

Cases With No Collections for 1 Year or More

Fiscal Year	Percentage
FY 2002	NA
FY 2003	NA
FY 2004	23%
FY 2005	12.92%
FY 2006	12.64%

Analysis of results and challenges: A recent analysis of outstanding collections showed a relationship between those cases with the highest outstanding balances and those with no recent collections. A portion of the cases with no collections for one year or more are designated as "hard to collect". To address the problem of hard to collect cases, in October, 2005, CSSD assembled a specialized team of child support specialists. It is anticipated that in FY2007 the percentage of cases with no collections will begin to decrease as more of the "hard to collect" cases are handled by this team. As of June 30, 2006, CSSD had begun collection efforts on 337 hard to collect cases. Collections have been made on 133 of those cases totaling \$192,349.

A2: Strategy - Improve the efficiency of distributing child support.

Target #1: Increase recipients on automated distribution to 60%.

Measure #1: Percentage of recipients receiving automated distribution.

Recipients Receiving Automated Distribution

Fiscal Year	Percentage
FY 2003	55%
FY 2004	48.7%
FY 2005	52.09%
FY 2006	55.52%

Analysis of results and challenges: In addition to improving the timeliness of distribution of the funds to recipients and the ease with which they can access their money, automated distribution greatly reduces the costs associated with disbursing money. The implementation of the electronic payment card pilot project continues to be a major step in achieving this target.

Target #2: Decrease money on hold, less those categories that are out of the division's control to less than 0.4% (four-tenths of a percent).

Measure #2: Percentage of money on hold, less those categories that the division cannot or should not affect.

Percentage of Money on Hold

Fiscal Year	Percentage
FY 2002	0.87%
FY 2003	1.089%
FY 2004	0.9%
FY 2005	0.548%
FY 2006	0.405%

Analysis of results and challenges: The decrease of undistributed collections continues to be a national priority for the federal Office of Child Support. The division will continue to closely monitor money on hold categories and distribute all monies received as quickly as possible.

A3: Strategy - Improve customer service.

Target #1: Wait times for telephone calls are reduced to an average of 3 minutes.

Measure #1: Average telephone call wait times.

Average Minutes of Telephone Call Wait Time

Fiscal Year	Average Minutes
FY 2002	3.8
FY 2002	2.13
FY 2004	2.6
FY 2005	3.0
FY 2006	3.6

Analysis of results and challenges: FY2006 saw an increase in wait times for customers on average of approximately 0.6 seconds from FY2005. The division attributes this increase to the reduction of six (6) customer service representatives in the field offices as well as turnover in these customer service positions. The division will continue to work on reducing wait times as much as possible, however unless we assign additional resources to customer service, wait times will continue to be in the three minute timeframe.

Key Component Challenges

- Due to the Federal Deficit Reduction Act of 2005 the division will no longer be able to use the money earned from federal incentives as match to federal receipts. The required percentage that the state must match is 34%. Effective October 1, 2007 the incentive dollars that we earn can only be used as incentive authority and not as match to the federal receipts. In order to maximize the federal authority authorized, the division will require that the state's portion of funding for the program be increased in order to continue to provide the same level of services.
- Additionally, the Federal Deficit Reduction Act of 2005 imposed a requirement to implement a \$25 user fee once \$500 has been collected in child support. This fee must either be charged to one of the case parties or the state must absorb this fee.
- The division continues work on implementing federal medical support regulations.
- The federal establishment of tribal child support programs continues to require extensive coordination and personnel time supporting these new entities. There could be a wide variety of new systems developed to support these programs which could result in a lack of reliable data. There is currently at least one tribe in Alaska that is operating their program and another tribe recently submitted a start up grant request.
- The division anticipates a decrease in the amount of TANF (temporary assistance for needy families) funds that the division can retain as more tribes come on line with the tribal TANF program. The division uses TANF receipts as Receipt Supported Services authority for the 34% state match requirement to obtain the federal receipts required to operate the division.
- The division faces stringent federal requirements for data reliability that must be met to achieve the highest possible incentive revenue and to avoid possible penalties to our agency and to the Department of Health and Social Services, Division of Public Assistance.
- The division is currently working with the Division of Finance and a contractor regarding Office of Foreign Asset Control (OFAC) compliance. This affects the division because each check will need to be verified against several lists that contain names and companies that have a connection to terrorism, drug and human trafficking and other illegal activities.

Significant Changes in Results to be Delivered in FY2008

- The division continues to expect significant increases in electronic payments received from federal government

agencies and clients. We continue to do outreach to make our clients aware of electronic funds transfer as well as our debit card program and are working on creating other user friendly methods for making and receiving child support payments.

- The division continues to work on imaging our case file information. Once this project is complete this will increase the division's ability to respond to client inquiries faster and easier.

Major Component Accomplishments in 2006

- The division increased yearly collections by \$2.4 million. Total collections in FY 2006 were \$101.4 million, even though collections from Permanent Fund Dividends decreased by approximately \$953,000. This decrease occurred because the amount of the Permanent Fund Dividend per individual was lower. Of the total collections, \$12.3 million was collected in FY06 for the State of Alaska and the federal government; this is a decrease from FY05 in the amount of \$1.5 million. This decrease was the results of fewer TANF cases and the increase in tribal TANF programs.
- The division has shown improved results in child support collection efforts when comparing the results in FY2006 to the previous data from FY2005. In FY2005, the division had 52,558 cases, 92.3% with orders. Collections for this time period were \$98.9 million. In FY2006 the division had 54,235 cases, 93.2% with orders and collections of \$101.4 million. Increased cases with orders result in increased collections.
- The division established 3,317 orders in FY2006, as compared to 5,112 in FY2005, a 35% decrease. This decrease is due to reductions in the backlog of cases needing an order established; if the case already has an order then that means the division has fewer cases that need to have orders established. However, even though the number of orders established decreased for FY2006 we still increased the percentage of cases with orders by 0.9%.
- The division lowered the amount of money on hold in FY2006 by 0.143% from FY2005. In FY2005 the total amount of money on hold was \$542,360 compared to FY2006 which was \$410,344 a difference of \$132,016. Less money on hold means more money for custodial parents and children.
- The division saw a 40% decrease in the number of paternities established in FY2006 compared to FY2005. In FY2005 the number of paternities that were established was 1,235 compared to FY2006 which were 742. This decrease is due to a reduction in the backlog of cases needing paternity established.

Statutory and Regulatory Authority

AS 25.25 Uniform Interstate Family Support Act
 AS 25.27 Child Support Services Agency
 15 AAC 05 Administrative of Revenue Laws-Hearing Procedures
 15 AAC 125 Child Support Enforcement

Federal Law 93-647
 Federal Law 96-265
 Federal Law 96-35

Contact Information

Contact: Jerry Burnett, Director, Administrative Services
Phone: (907) 465-2312
Fax: (907) 465-1685
E-mail: jerry_burnett@revenue.state.ak.us

Child Support Services Division Component Financial Summary

All dollars shown in thousands

	FY2006 Actuals	FY2007 Management Plan	FY2008 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	13,764.6	14,904.2	16,856.2
72000 Travel	24.5	80.0	80.0
73000 Services	6,783.9	7,229.0	7,252.3
74000 Commodities	330.2	166.1	166.1
75000 Capital Outlay	96.9	60.8	60.8
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	21,000.1	22,440.1	24,415.4
Funding Sources:			
1002 Federal Receipts	13,827.1	14,727.0	14,694.9
1003 General Fund Match	0.0	0.0	1,621.7
1004 General Fund Receipts	0.0	336.7	360.0
1016 CSSD Federal Incentive Payments	1,634.9	1,634.9	1,800.0
1061 Capital Improvement Project Receipts	32.4	0.0	0.0
1156 Receipt Supported Services	5,505.7	5,741.5	5,938.8
Funding Totals	21,000.1	22,440.1	24,415.4

Estimated Revenue Collections

Description	Master Revenue Account	FY2006 Actuals	FY2007 Management Plan	FY2008 Governor
Unrestricted Revenues				
Unrestricted Fund	68515	80.6	123.6	128.6
Unrestricted Total		80.6	123.6	128.6
Restricted Revenues				
Federal Receipts	51010	13,827.1	14,727.0	14,694.9
Receipt Supported Services	51073	5,505.7	5,741.5	5,938.8
Capital Improvement Project Receipts	51200	32.4	0.0	0.0
Federal Incentive Payments	51378	1,634.9	1,634.9	1,800.0
Restricted Total		21,000.1	22,103.4	22,433.7
Total Estimated Revenues		21,080.7	22,227.0	22,562.3

**Summary of Component Budget Changes
From FY2007 Management Plan to FY2008 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2007 Management Plan	336.7	16,361.9	5,741.5	22,440.1
Adjustments which will continue current level of service:				
-FY 08 Health Insurance Increases for Exempt Employees	0.0	0.1	0.1	0.2
-Fund Source Adjustment for Retirement Systems Increases	1,621.7	-1,162.8	-458.9	0.0
Proposed budget increases:				
-Retirement and Non-covered Employee Health Insurance Increases for Division of Personnel	23.3	0.0	0.0	23.3
-FY 08 Retirement Systems Rate Increases	0.0	1,295.7	656.1	1,951.8
FY2008 Governor	1,981.7	16,494.9	5,938.8	24,415.4

Child Support Services Division Personal Services Information

Authorized Positions			Personal Services Costs	
	<u>FY2007</u> <u>Management</u> <u>Plan</u>	<u>FY2008</u> <u>Governor</u>		
Full-time	232	232	Annual Salaries	10,164,997
Part-time	0	0	Premium Pay	56,978
Nonpermanent	0	0	Annual Benefits	7,851,306
			<i>Less 6.73% Vacancy Factor</i>	(1,217,081)
			Lump Sum Premium Pay	0
Totals	232	232	Total Personal Services	16,856,200

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant III	2	0	0	0	2
Accounting Clerk I	5	0	0	0	5
Accounting Clerk II	3	0	0	0	3
Accounting Spvr I	4	0	0	0	4
Accounting Tech I	10	0	0	0	10
Accounting Tech II	16	0	0	0	16
Accounting Tech III	2	0	0	0	2
Administrative Assistant	2	0	0	0	2
Administrative Clerk II	5	0	0	0	5
Administrative Clerk III	40	0	0	0	40
Administrative Manager I	2	0	0	0	2
Administrative Manager III	1	0	0	0	1
Analyst/Programmer III	3	0	0	0	3
Analyst/Programmer IV	4	0	0	0	4
Analyst/Programmer V	1	0	0	0	1
Child Support Manager	2	0	0	0	2
Child Support Spec I	86	1	1	1	89
Child Support Spec II	20	1	1	1	23
Child Support Spec III	6	0	0	0	6
Data Processing Mgr II	1	0	0	0	1
Dep Dir Child Spt Enf	1	0	0	0	1
Division Director	1	0	0	0	1
Internal Auditor II	2	0	0	0	2
Investigator III	3	0	0	0	3
Investigator IV	1	0	0	0	1
Micro/Network Spec I	1	0	0	0	1
Micro/Network Tech I	1	0	0	0	1
Micro/Network Tech II	1	0	0	0	1
Totals	226	2	2	2	232